GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7897
ANSWERED ON:17.05.2002
REMARKS OF CREDIT RATING AGENCY
NEDURUMALLI JANARDHANA REDDY

Will the Minister of FINANCE be pleased to state:

(a) whether an International Credit rating agency has pointed to the IndianGovernment`s inability to rein its huge public sector deficit and warned that the country is heading towards a debt trap; and

(b) if so, the reaction of the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a)&(b) In December 2001, an international credit rating agency while affirming its rating outlook on Government`s foreign currency debt as stable, stated that the outlook on Government`s domestic debt rating was indicated to be negative. This was based on their concern about the status of public finances.

The revised estimates of Government`s fiscal deficit as a percentage of GDP for the fiscal year 2001-2002 is 5.7%. For the year 2002-2003 this figure is projected to be 5.3% of GDP. Government has initiated several measures toimprove the fiscal situation of the Centre and States.